

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of)	
)	
Telephone Number Portability)	
)	CC Docket No. 95-116
Petition for Declaratory Ruling and/or Waiver)	
Regarding Cost Recovery of Wireless Local)	
Number Portability from End-Users)	
)	

**REPLY COMMENTS OF
VALOR TELECOMMUNICATIONS ENTERPRISES, LLC**

Valor Telecommunications Enterprises, LLC (“VALOR”) submits the following Reply Comments in response to various comments filed on December 22, 2003 by a number of parties in the Petition for Declaratory Ruling filed by Bell South Corporation (“Bell South”) on November 14, 2003.

VALOR is a privately owned company, formed for the purpose of purchasing approximately 550,000 mostly rural access lines from GTE (now Verizon) in Texas, Oklahoma, New Mexico and Arkansas. These properties were acquired in 2000, and in 2002, VALOR acquired Kerrville Communications, Inc., whose wholly owned subsidiary Kerrville Telephone Company also serves rural customers in Texas.

VALOR SUPPORTS THE PETITION

Bell South’s Petition requests that the Federal Communications Commission (“Commission”) rule, “that wireline carriers are entitled to a reasonable opportunity to recover the costs to implement wireless local number portability (“WLNP”) in accordance with Section 251(e)(2) of the Telecommunications Act of 1996, the

Commission's cost recovery order, and its implementing rules.”¹ The Petition requests that the Commission issue a declaratory ruling that incumbent local exchange carriers (“ILECs”) are entitled to a reasonable opportunity to recover costs to implement WLNP through end-user charges. Bell South urges the Commission to waive Section 52.33 of its rules to allow Bell South to modify its current end-user number portability charge by extending the recovery period beyond the maximum five years and/or modifying the current rate. Similar to the comments of nearly all the commenting parties, VALOR supports Bell South's Petition and requests that the Commission grant similar relief to all ILECs.

DISCUSSION

I. There is agreement that WLNP cost are recoverable

There is uniform agreement by all the commenting parties that ILECs should have the opportunity to recover the cost of local number portability. Even AT&T Corp. (“AT&T”), which is the only commenting party that opposes Bell South's Petition, agrees, “There is neither controversy nor uncertainty that ILECs must have a reasonable opportunity to recover local number portability costs from end users in accordance with Section 251(e)(2), the Commission's cost recovery orders and its implementing rules.”² AT&T's opposition is not with regard to Bell South's right to recover the cost, but with the level of detail provided to support its costs and whether these costs are directly related to WLNP.³

¹ Bell South Petition CC Docket No. 95-116 Petition for Declaratory Ruling and/or Waiver Nov. 14, 2003 p. 1.

² AT&T Comments CC Docket No. 95-116 filed Dec. 22, 2003 p. 3.

³ ID p. 5.

II. Clarification and guidance is needed regarding how ILECs may recover the costs of WLNP

It is clear from the comments of the parties that ILECs will incur additional costs as a result of implementing WLNP. VALOR agrees with the comments of CenturyTel, Inc. that clarification is needed regarding the cost recovery process that ILECs are expected to undertake, “Indeed, implementing intermodal number portability requires that LECs incur new costs just as they incurred new costs to implement wireline number portability. Century urges the Commission to clarify and ensure that ILECs are able to fully recovery these costs.”⁴ As CenturyTel Inc. and others state, it is only recently that ILECs have begun implementing WLNP and incurring the costs associated with WLNP implementation. Therefore, an expeditious clarification of the cost recovery issue is needed to provide guidance to ILECs on how to modify existing surcharges and recover the additional WLNP costs over a reasonable period of time.

III. Rural ILECs are in a unique situation and may require extended costs recovery periods

VALOR like many rural ILECs is in a unique situation compared to the larger more urban ILECs that have already completed wireline to wireline local number portability in most of their service territories. Since ILECs were required to implement wireline to wireline local number portability only in areas outside the 100 largest MSAs upon a bona-fide request, many rural ILECs have not implemented LNP nor incurred cost for the initial wireline LNP requirements. Although, the Commission has provided for a

May 24, 2004 implementation of WLNP in the areas outside of the 100 largest MSAs, VALOR has received a greater number of bona-fide requests for WLNP in its more rural areas than it received from facilities based competitive local exchange carriers for wireline LNP. VALOR would expect that other rural ILECs have had a similar experience. The reason for this is that the wireless carriers often have large local calling areas that include ILEC serving areas outside the 100 largest MSAs. For this reason, VALOR and similarly situated rural ILECs are likely to have a greater proportional cost recovery issue for WLNP implementation than have been presented by Bell South in its filing.

VALOR has estimated that the cost of upgrading its switches to provide WLNP capability will exceed \$3 million. This only represents the cost of switch upgrades and does not include other legitimate WLNP implementation costs. In order to recover the \$3 million over VALOR's 550,000 customers would require a \$5.45 one-time charge. This is in comparison to Bell South's estimate of a one-time charge of \$1.21 per customer, or more than 4.5 times greater per customer impact. VALOR also suggests that WLNP implementation for the more rural ILECs may occur over a more extended period of time than the more urban ILECs and therefore, it will be more difficult to identify the full cost of WLNP implementation until well after the May 24, 2004 due date. VALOR recommends that the Commission provide for flexibility and updates to the cost recovery process to account for the longer transition in rural ILEC areas.

⁴ Comments of CenturyTel, Inc. Docket No. 95-116 filed Dec. 22, 2003 p. 3.

CONCLUSION

VALOR supports Bell South's Petition and requests that the Commission issue a declaratory ruling that provides clarity and guidance to ILECs regarding how to recover WLNP costs over a reasonable period. In particular, VALOR requests that the Commission consider the unique situation of rural ILECs with regard to their unique cost recovery issues and provide clarity and guidance in consideration of the upcoming May 24, 2004 due date.

Respectfully submitted,

VALOR TELECOMMUNICATIONS ENTERPRISES, LLC

By: _____

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